

UTAH COUNTIES INDEMNITY POOL

BOARD OF TRUSTEES MEETING

Thursday, May 15, 2014 12:30 p.m.

Courtyard Marriott, 185 S 1470 E, St. George, UT

AGENDA

12:00 Lunch Provided

12:30 Call to Order

Bruce Adams

ITEM ACTION

1	Review/Excuse Board Members Absent	Bruce Adams
2	Nominating Committee Report	Jim Eardley
3	Appoint At-Large Representative to the Board	Jim Eardley
4	Review/Approve February 20, 2014 and April 18, 2014 Meeting Minutes	Karla Johnson
5	Ratification and Approval of Payments and Credit Card Transactions	Karla Johnson
6	Review/Approve 2013 Financial Audit	Karla Johnson
7	Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual	Bruce Adams
8	Action on Personnel Matters	Bruce Adams
9	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	Bruce Adams
10	Action on Litigation Matters	David Blackwell

INFORMATION

11	Personnel Committee Report	Brad Dee
12	Discuss Cooperative Efforts with Other Entities	Johnnie Miller
13	Chief Executive Officer's Report	Johnnie Miller
14	Other Business	Bruce Adams

Electronic Meeting Notice: 888-447-7153, Participant Passcode: 2261240

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Notice Title:

Board of Trustees Meeting

Government Type:

Special Districts

Entity:

Utah Counties Indemnity Pool

Public Body Name:

Board of Trustees

Notice Subject:

Administrative Services

Notice Type:

Meeting

Street Address:

185 South 1470 East

Street Address continued:

City:

St. George

Zip:

84770

Start Date:

05/15/14 12:30 PM

End Date:

05/15/14 3:00 PM

Description / Agenda:

Call to Order

Review/Excuse Board Members Absent

Nominating Committee Report

Appoint At-Large Representative to the Board

Review/Approve February 20, 2014 and April 18, 2014 Meeting Minutes

Ratification and Approval of Payments and Credit Card Transactions

Review/Approve 2013 Financial Audit

Set Date and Time for Closed Meeting

to Discuss Character, Professional Competence, Physical/Mental Health of an Individual

Action on Personnel Matters

Set Date and Time for Closed Meeting

to Discuss Pending or Reasonably Imminent Litigation

Action on Litigation Matters

Personnel Committee Report

Discuss Cooperative Efforts with Other Entities

Chief Executive Officer's Report

Other Business

ADA:

In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify Sonya White at the Utah Counties Indemnity Pool, PO Box 95730, South Jordan, UT 84095, or call 800-339-4070, at least three days prior to the meeting.

Electronic Participation:

Any Member of the Utah Counties Indemnity Pool Board of Trustees may participate telephonically.

Other:

Emergency Notice:

No

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Attachments:

There are attachments associated with this notice.

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Public Body



BOARD OF TRUSTEES' MEETING MINUTES

May 15, 2014, 12:30 p.m.

Courtyard Marriott
185 South 1470 East, St. George, UT

BOARD MEMBERS PRESENT

Bruce Adams, *President*, San Juan County Commissioner
Jim Eardley, *Vice President*, Washington County Commissioner
Karla Johnson, *Secretary/Treasurer* Kane County Clerk/Auditor
Alma Adams, Iron County Commissioner
David Blackwell, Emery County Attorney
William Cox, Rich County Commissioner
Brad Dee, Weber County Human Resources
Kerry Gibson, Weber County Commissioner
Bret Millburn, Davis County Commissioner
Alden Orme, Juab County Sheriff
Seth Oveson, Carbon County Clerk/Auditor
Mike Wilkins, Uintah County Clerk/Auditor

OTHERS PRESENT

Johnnie Miller, UCIP Chief Executive Officer
Sonya White, UCIP Chief Financial Officer

Call to Order

Bruce Adams called this meeting, of the Utah Counties Indemnity Pool's Board of Trustees, to order at 12:30 p.m. on May 15, 2014 and welcomed those in attendance.

Review/Excuse Board Members Absent

All Board Members were in attendance at this meeting.

Nominating Committee Report

Board Members had an opportunity to listen to the speeches given by candidates at the April 18 Board meeting for the At-Large available Board position. Jim Eardley, Nominating Committee Chair, led the discussion as to the attributes of each candidate: Steve Farrell, Wasatch County; Jim Kaiserman, Wasatch County; Stan Summers, Box Elder County; Logan Wilde, Morgan County; Ron Winterton, Duchesne County; and Mark Whitney, Beaver County.

Appoint At-Large Representative to the Board

Mike Wilkins made a motion to limit the candidates (see listed above) to be considered to those elected to counties that have never had representation on the UCIP Board; Morgan and Wasatch Counties. Seth Oveson seconded the motion, which failed. Karla Johnson, Seth Oveson and Mike Wilkins voted in favor of the motion. Bret Millburn made a motion to go to a ballot vote. Kerry Gibson seconded the motion, which passed unanimously. Mark Whitney received the majority of the votes. Brad Dee made a motion to appoint Mark Whitney, Beaver County Commissioner, to fill the unexpired term of the At-Large Board Representative until the Annual Membership meeting in December 2014. Bret Millburn seconded the motion, which passed unanimously.

UTAH COUNTIES INDEMNITY POOL

PO Box 95730, South Jordan, UT 84095-0730
Phone (801)565-8500 ☎ Fax (801)568-0495 ☎ ucip.utah.gov

Review/Approve February 20, 2014 and April 18, 2014 Meeting Minutes

The minutes of the Board of Trustees meeting held February 20, 2014 and April 18, 2014, were previously sent to the Board Members for review (see attachment number one and two). Karla Johnson made a motion to approve the February 20, 2014 and April 18, 2014 meeting minutes as written. Kerry Gibson seconded the motion, which passed unanimously.

Ratification and Approval of Payments and Credit Card Transactions

The payments made, the payments to be made and the credit card transactions were reviewed by the Board (see attachment number three). Brad Dee made a motion to approve the payments made, the payments to be made and the credit card transactions as presented. Jim Eardley seconded the motion, which passed unanimously.

Review/Approve 2013 Financial Audit

The 2013 Audit of UCIP Financial Statements and letter to the Board, by and from Wisan, Smith, Racker & Prescott, were previously sent to the Board for review (see attachment number four). Karla Johnson reported that the UCIP Audit Committee met with Independent Auditor, MacRay Curtis, on April 17. UCIP has received a 'clean' audit, which means the financial statements present fairly, in all material respects to the financial position of the Pool and in accordance with accounting principles accepted in the United States. Mike Wilkins made a motion to approve the 2013 Financial Audit of UCIP. Kerry Gibson seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Jim Eardley made a motion to strike agenda item: *Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual*. Brad Dee seconded the motion, which passed unanimously.

Action on Personnel Matters

Johnnie Miller reported that UCIP has received 12 applicants for the Communication Specialist position. Staff will begin interviews in the next couple of weeks.

Set Date and Time for Closed Meeting

David Blackwell made a motion to strike agenda item: *Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation*. Jim Eardley seconded the motion, which passed unanimously.

Action on Litigation Matters

David Blackwell made a motion to strike agenda item: *Action on Litigation Matters*. Jim Eardley seconded the motion, which passed unanimously.

Personnel Committee Report

Brad Dee reported that the annual Personnel Workshop, held May 14-15, was well attended with good topics and presenters. An evaluation survey is being conducted by attendees for the Personnel Committee to review for future training events.

Cooperative Efforts with Other Entities

Johnnie Miller reported that he met with the forthcoming Executive Director of the Utah Association of Counties (UAC), Adam Trupp, to outline the joint efforts of UAC and UCIP in providing their county members with the best possible services. Johnnie is scheduled to make a presentation in this regard to the UAC Board of Directors in the near future. UCIP Trustees: Bruce Adams, Brad Dee, Jim Eardley and Bret Millburn will schedule to meet with the UAC Executive Committee the first week of June to begin discussions of cooperative efforts of the two organizations.

Cooperative Efforts with Other Entities (continued)

Johnnie Miller reported that the Executive Director of the Utah Risk Management Mutual Association (URMMA), Dean Steele, has announced his retirement. In an effort to ensure the cooperative relationship between the two entities, Kerry Gibson, Brad Dee and Johnnie met with Dean and the URMMA Board Chair, Mark Johnson. URMMA is open to continuing a cooperative relationship with UCIP, and indicated their board would discuss those efforts at their May Board meeting with the intent of holding an additional meeting between UCIP and URMMA in the near future to discuss those cooperative efforts.

As directed by the Board at its April 18 meeting, Johnnie Miller met with the Chief Executive Officer of the Utah Local Governments Trust (ULGT), Steve Hansen. Mr. Hansen indicated that he would like to begin looking at ways to work cooperatively with UCIP although ULGT management intends to continue its competitive relationship against UCIP. Johnnie reported that he explained to Mr. Hansen the difficulty in working both cooperatively and competitively and if ULGT's philosophy of competition changes, UCIP is open to working cooperatively as it does with other entities.

Chief Executive Officer's Report

Johnnie Miller reported that a couple of items to be discussed at the upcoming Board Strategic Planning session are issues with Special Service Districts and a possible Bylaws amendment, and options for coverages and rates.

Other Business

The next meeting of the Board of Trustees will be held Friday, June 13, 2014, 8:00 a.m. at the Red Cliffs Lodge, Moab, UT.

Approved on this 15th day of May 2014


Karla Johnson, Secretary/Treasurer

Sonya White

Cc: Eardley, Jim
Subject: UCIP At-Large Board Appointment

Dear Official,

On behalf of the UCIP Board of Trustees we are grateful for your willingness to serve as a Trustee representing all member counties. We appreciate your time and efforts in meeting with the Board.

At its May 15 Board of Trustees meeting, Commissioner Mark Whitney was appointed as the new Board Member to fill the unexpired term. The Membership will vote to fill this At-Large position, at which time we encourage you to contend again, in December.

Please feel free to contact Commissioner Jim Eardley (435-467-7748), Nominating Committee Chair, if you have any questions.

Sincerely,

Sonya White
Chief Financial Officer
Utah Counties Indemnity Pool
PO Box 95730
South Jordan, UT 84095-0730
801-307-2113 *d*
801-568-0495 *f*
801-558-8060 *c*
ucip.utah.gov



Utah Counties Indemnity Pool

MaE Whitney

Utah Counties Indemnity Pool

PO Box 95730, South Jordan, UT 84095-0730

Administration: (801) 565-8500 • Claims: (800) 339-4070 • www.ucip.utah.gov



Utah Counties Indemnity Pool

Ron Winterton

Utah Counties Indemnity Pool

PO Box 95730, South Jordan, UT 84095-0730

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Utah Counties Indemnity Pool

Logan wilde, Morgan County

Utah Counties Indemnity Pool

PO Box 95730, South Jordan, UT 84095-0730

Administration: (801) 565-8500 • Claims: (800) 339-4070 • www.ucip.utah.gov



Utah Counties Indemnity Pool

Logan Wilde

Utah Counties Indemnity Pool

PO Box 95730, South Jordan, UT 84095-0730

Administration: (801) 565-8500 • Claims: (800) 339-4070 • www.ucip.utah.gov



Utah Counties Indemnity Pool

Logan wilde

Utah Counties Indemnity Pool

PO Box 95730, South Jordan, UT 84095-0730

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Utah Counties Indemnity Pool

Mark Whitney

Utah Counties Indemnity Pool

PO Box 95730, South Jordan, UT 84095-0730

Administration: (801) 565-8500 • Claims: (800) 339-4070 • www.ucip.utah.gov



Utah Counties Indemnity Pool

Mark Whitney

Utah Counties Indemnity Pool

PO Box 95730, South Jordan, UT 84095-0730

Administration: (801) 565-8500 • Claims: (800) 339-4070 • www.ucip.utah.gov



Utah Counties Indemnity Pool

Mark Whitney

Utah Counties Indemnity Pool

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Utah Counties Indemnity Pool

Mark Whitney

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Steve Farrell

Utah Counties Indemnity Pool





Utah Counties Indemnity Pool

Mark Whitney

Utah Counties Indemnity Pool

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Utah Counties Indemnity Pool

mark whitney

Utah Counties Indemnity Pool

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<u>Representing</u>	<u>Present Board</u>	<u>County</u>	<u>Office</u>
Second <i>Davis, Washington, Weber</i>	Bret Millburn Jim Eardley Kelly Gibson	Davis Washington Weber	Commissioner Commissioner Commissioner
Third <i>Box Elder, Iron, Uintah</i>	Mike Wilkins (2017)	Uintah	Clerk/Auditor
Fourth <i>Carbon, Duchesne, Millard, San Juan, Sanpete, Sevier, Wasatch</i>	Seth Oveson (2014)	Carbon	Clerk/Auditor
Fifth-Sixth <i>Beaver, Daggett, Emery, Garfield, Juab, Kane, Morgan, Piute, Rich, Wayne</i>	Bill Cox (2015)	Rich	Commissioner
At Large	Alma Adams (2017) Bruce Adams (2016)	Iron San Juan	Commissioner Commissioner
Audit	Karla Johnson	Kane	Clerk/Auditor
Law Enforcement	Alden Orme	Juab	Sheriff
Litigation Management	Dave Blackwell	Emery	Attorney
Personnel	Brad Dee	Weber	HR Director

Board Votes by Class

Second = 4

Third = 2

Fourth = 2

Fifth = 3

Sixth = 1

PAST/PRESENT UCIP TRUSTEES

Last	First	County	Office	Year	Members
Blackham	Leonard	Sanpete County	Commissioner	1992	Beaver
Burningham	Guy	Utah County	Deputy Attorney	1992	Box Elder
Hatch	Tom	Garfield County	Commissioner	1992	Cache
Hirschi	Scott	Washington County	Commissioner	1992	Carbon
Sundberg	Kent	Utah County	Deputy Attorney	1992-2012	Daggett
Brown	Ken	Rich County	Commissioner	1992-1996	Davis
Ewing	Dennis	Tooele County	Clerk	1992-1995	Duchesne
Groll	Sid	Cache County	Sheriff	1992-1997	Emery
Hess	Gerald	Davis County	Deputy Attorney	1992-2010	Garfield
Skanchy	Sarah	Cache County	Council Member	1992-1999	Grand
Thompson	Dixie	Emery County	Commissioner	1992-1994	Iron
					Juab
Adams	Max	Uintah County	Commissioner	1993-1994	Kane
Herbert	Gary	Utah County	Commissioner	1993-2001	Millard
Lewis	Ty	San Juan County	Commissioner	1993-2001	Morgan
Sullivan	Gary	Beaver County	Commissioner	1993-1997	Piute
					Rich
Gardner	Robert	Iron County	Commissioner	1994-1996	Salt Lake
					San Juan
Dastrup	Curtis	Duchesne County	Commissioner	1996-1997	Sanpete
					Sevier
Dearden	Tony	Millard County	Commissioner	1997-1999	Summit
Munns	Monte	Box Elder County	Assessor/Treasurer	1997-1998	Tooele
					Uintah
Johnson	Chad	Beaver County	Commissioner	1998-1999	Utah
McConkie	Dan	Davis County	Commissioner	1998-2006	Wasatch
Olsen	Tex	Sevier County	Commissioner	1998-2002	Washington
Phillips	Ed	Millard County	Sheriff	1998-2006	Wayne
Swasey	John	Duchesne County	Commissioner	1998-1999	Weber
Norman	Royal	Box Elder County	Commissioner	1999-2002	
Petersen	Kent	Emery County	Commissioner	1999-2001	
Bischoff	Ken	Weber County	Commissioner	2000-2010	
Blackwell	Kay	Piute County	Commissioner	2001-2012	
Cox	LaVar	Millard County	Commissioner	2001-2005	
Lemon	Lynn	Cache County	Executive	2001-2007	
Baker	Steve	Davis County	Personnel Director	2002-2007	
Roundy	Gene	Iron County	Commissioner	2002-2006	
Wall	Steve	Sevier County	Clerk/Auditor	2002-2013	
Eardley	Jim	Washington County	Commissioner	2004-	
Grover	Jerry	Utah County	Commissioner	2004-2006	
Hatch	Ira	Emery County	Commissioner	2004-2006	
Johnson	Karla	Kane County	Clerk/Auditor	2006-	

Adams	Bruce	San Juan County	Commissioner	2007-
Nyland	Jim	Grand County	Sheriff	2007-2008
White	Steve	Utah County	Commissioner	2007-2010
Dee	Brad	Weber County	Human Resources Director	2008-
Smith	Wayne	Iron County	Commissioner	2008-2010
Guymon	LaMar	Emery County	Sheriff	2009-2010
Hurst	Jerry	Tooele County	Commissioner	2009-2013
Anderson	Gary	Utah County	Commissioner	2011-2012
Dearden	Craig	Weber County	Commissioner	2011-2012
Gillette	Marilyn	Tooele County	Clerk	2011-2012
Millburn	Bret	Davis County	Commissioner	2011-
Noel	Cameron	Beaver County	Sheriff	2011-2013
Wilkins	Mike	Uintah County	Clerk/Auditor	2012-
Adams	Alma	Iron County	Commissioner	2013-
Blackwell	Dave	Emery County	Attorney	2013-
Cox	Bill	Rich County	Commissioner	2013-
Gibson	Kerry	Weber County	Commissioner	2013-
Orme	Alden	Juab County	Sheriff	2013-
Oveson	Seth	Carbon County	Clerk/Auditor	2013-

AT-LARGE BOARD REPRESENTATIVE CANDIDATES

	Whitney, Mark Commissioner BEAVER COUNTY (fifth class)	Summers, Stan Commissioner BOX ELDER COUNTY (third class)	Winterton, Ron Commissioner DUCHESNE COUNTY (fourth class)
Member Since	1992	1992	1992
Board Representation	1993-1997, 1998-1999, 2001-2013	1997-1998, 1999-2002	1996-1999
ML Premium	\$101,584	\$226,260	\$137,598
WC Premium	\$57,780	\$191,064	\$77,999
Equity	\$101,283	\$344,195	\$159,909
Insurable Value	\$39,000,431	\$49,595,932	\$43,758,458
Budget	\$9,157,303	\$24,114,346	\$11,614,204

	Wilde, Logan Council Member MORGAN COUNTY (fifth class)	Ferrell, Steve Council Member Kaiserman, Jim Surveyor WASATCH COUNTY (fourth class)
Member Since	2003	1992
Board Representation	-	-
ML Premium	\$57,443	\$224,264
WC Premium	\$22,703	ULGT
Equity	-	\$172,950
Insurable Value	\$17,907,497	\$82,522,860
Budget	\$5,666,993	\$20,867,897

Current Board Votes by Class

Second = 4

Third = 2

Fourth = 2

Fifth = 3

Sixth = 1

Sonya White

From: Sonya White
Sent: Monday, April 07, 2014 11:38 AM
To: Eardley, Jim; Adams, Alma; Johnson, Karla; Millburn, Bret; Wilkins, Mike
Subject: Interviews for At-Large Board Position

Importance: High

Dear Nominating Committee Members,

I need to contact the officials who have sent in their written request to be considered for the At-Large Board position.

My understanding is that the consensus of the Committee is to invite the following officials to meet with the Board of Trustees at their April 18 meeting:

Steve Farrell, Wasatch County Council Member
Jim Kaiserman, Wasatch County Surveyor
Stan Summers, Box Elder County Commissioner
Mark Whitney, Beaver County Commissioner
Logan Wilde, Morgan County Council Member
Ron Winterton, Duchesne County Commissioner

These are the officials that want to be considered and whose counties currently do not have representation on the Board. From these officials interested, Morgan and Wasatch have never had representation on the Board.

Please confirm that you want to interview all of these officials at the April 18 meeting.

Thank you,

Sonya White
Chief Financial Officer
Utah Counties Indemnity Pool
PO Box 95730
South Jordan, UT 84095-0730
801-307-2113 *d*
801-568-0495 *f*
801-558-8060 *c*
ucip.utah.gov

Sonya White

To: Summers, Stan
Cc: Eardley, Jim
Subject: UCIP Board Meeting - April 18
Attachments: Agenda.pdf

Importance: High

Dear Commissioner Summers,

Members of the Nominating Committee and Board greatly appreciate your willingness to serve all Counties At-Large on the UCIP Board of Trustees.

There were a great number of officials wanting to be considered for this appointment. The Committee is asking that you join the Board on April 18 at 12:00 noon at the Lion House for lunch. Immediately following lunch will be the Board Meeting where the Committee would like you speak, providing your background, knowledge of UCIP matters and reasons for wanting to serve on the Board and for the counties.

I have attached a copy of the agenda.

Please reply to this email to confirm your attendance.

Thank you,

Sonya White

Chief Financial Officer

Utah Counties Indemnity Pool

PO Box 95730

South Jordan, UT 84095-0730

801-307-2113 *d*

801-568-0495 *f*

801-558-8060 *c*

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Sonya White

To: Eardley, Jim; Adams, Alma; Johnson, Karla; Millburn, Bret; Wilkins, Mike
Cc: Miller, Johnnie
Subject: At-Large Board Position
Attachments: At large board appointment; At large board member; RE: Available At-Large Board Representative Position; RE: Available At-Large Board Representative Position; RE: Available At-Large Board Representative Position; Re: Available At-Large Board Representative Position; UCIP Board of Trustees ; Representative At-Large for UCIP Board

Dear Nominating Committee Members,

Attached are the requests received by officials who are interested in being considered for the At-Large appointment to the UCIP Board of Trustees.

They are:

Matt Bell, Weber County Commissioner
Ricky Hatch, Weber County Clerk/Auditor
Jim Kaiserman, Wasatch County Surveyor
John Petroff, Davis County Commissioner
Stan Summers, Box Elder County Commissioner
Mark Whitney, Beaver County Commissioner
Logan Wilde, Morgan County Council Member
Ron Winterton, Duchesne County Commissioner

Please advise how you would like to proceed. I can set-up a conference call for the Committee, if you'd like. I can schedule candidates to meet with the Board at their next meeting.

I look forward to hearing from you.

Sonya White

Chief Financial Officer

Utah Counties Indemnity Pool

PO Box 95730

South Jordan, UT 84095-0730

801-307-2113 *d*

801-568-0495 *f*

801-558-8060 *c*

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To: UCIP Nominating Committee.

From: Steve Farrell, Wasatch County Councilman

Subject: Vacant Board Seat

I would like to submit my name as a possible candidate to fill the vacant board seat.

I have watched the growth of the Utah Counties Indemnity pool through the years. It has come from be a possible insurance source for counties, to the primary source. I recognized the important of UCIP to the counties but especially the smaller rural counties. The service provided to Wasatch County over the past years is a living testimony to the important of UCIP to the counties, but especially the smaller rural counties.

I have served ten years on the Wasatch County Council and have a good working knowledge of county government. I would appreciate the opportunity to serve on the UCIP Board.

Thank you for your consideration.

Steve Farrell

Sonya White

To: Bell, Matt
Subject: Thank you

Hi Commissioner,

Thank you for submitting your request to be considered for the At-Large Board position.

I am gathering the requests that will be submitted to the Nominating Committee on April 4.

We will be in contact with you the following week. The Board of Trustees may want to meet with you at their April 18 Board meeting.

Sincerely,

Sonya White
Chief Financial Officer
Utah Counties Indemnity Pool
PO Box 95730
South Jordan, UT 84095-0730
801-307-2113 d
801-568-0495 f
801-558-8060 c
ucip.utah.gov

From: Bell, Matt [<mailto:mbell@co.weber.ut.us>]
Sent: Friday, February 28, 2014 2:23 PM
To: sonya@ucip.utah.gov
Subject: UCIP Board of Trustees

Dear Nominating Committee,

I would like to submit my name for the position on the UCIP Board of Trustees. I recognize the commitment, time and energy that must be given to serve on the board, and I feel that I will be able to service sufficiently in that manner. I believe that I can contribute and be an asset when it comes to addressing any needs, challenges, and decisions brought before the board. I truly enjoy serving the citizens of my county and partnering with our local community groups. I believe that I can serve with integrity, and provide assistance to the board.

If I should be chosen I would be honored to serve and believe that my knowledge would only add to the board's expertise and make it a well-versed board.

I truly appreciate you consideration in this matter.

Sincerely,

Commissioner Matthew G Bell
Weber County
2380 Washington Blvd. Suite 360
Ogden, Utah 84401

DAV

Sonya White

To: John Petroff
Subject: Thank you

Hi Commissioner,

Thank you for submitting your request to be considered for the At-Large Board position.

I am gathering the requests that will be submitted to the Nominating Committee on April 4.

We will be in contact with you the following week. The Board of Trustees may want to meet with you at their April 18 Board meeting.

Sincerely,

Sonya White
Chief Financial Officer
Utah Counties Indemnity Pool
PO Box 95730
South Jordan, UT 84095-0730
801-307-2113 *d*
801-568-0495 *f*
801-558-8060 *c*
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-----Original Message-----

From: John Petroff [<mailto:jpetroff@co.davis.ut.us>]
Sent: Friday, February 28, 2014 9:18 AM
To: Sonya White
Subject: Re: Available At-Large Board Representative Position

Sonya I am interested in serving but would be understanding if you needed someone from smaller counties or affiliate groups.

JP

Sent from my iPhone

Sonya White

To: Hatch,Ricky
Subject: Thank you

Hi Ricky,

Thank you for submitting your request to be considered for the At-Large Board position.

I am gathering the requests that will be submitted to the Nominating Committee on April 4.

We will be in contact with you the following week. The Board of Trustees may want to meet with you at their April 18 Board meeting.

Sincerely,

Sonya White
Chief Financial Officer
Utah Counties Indemnity Pool
 PO Box 95730
 South Jordan, UT 84095-0730
 801-307-2113 d
 801-568-0495 f
 801-558-8060 c
ucip.utah.gov

From: Hatch,Ricky [<mailto:rhatch@co.weber.ut.us>]
Sent: Tuesday, March 04, 2014 6:06 PM
To: 'Sonya White'
Cc: Karla Johnson (clerkkj@kane.utah.gov); Gibson,Kerry
Subject: RE: Available At-Large Board Representative Position

Dear Sonya and members of the Nominating Committee,

Please accept this email as official notice of my willingness to serve on the UCIP Board of Trustees. As a County Auditor and a CPA, I feel I can bring a financial and audit perspective to the board, to complement the strong experience that is already there. UCIP's continual efforts to help counties reduce their risk are notable, and align with my passion of always looking for ways to improve. I take board positions seriously and diligently carry my weight.

If you would like references or a resume, please let me know.

Thank you for the opportunity to apply, and for the quality organization that UCIP is.

Kind regards,
 Ricky Hatch

--
 Ricky D. Hatch, CPA
 Weber County Clerk/Auditor
 Office – 801.399.8613
 Cell – 801.668.0909

Sonya White

To: Whitney, Mark
Subject: Thank you

Hi Commissioner,

Thank you for submitting your request to be considered for the At-Large Board position.

I am gathering the requests that will be submitted to the Nominating Committee on April 4.

We will be in contact with you the following week. The Board of Trustees may want to meet with you at their April 18 Board meeting.

Sincerely,

Sonya White
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PO Box 95730
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801-558-8060 c
ucip.utah.gov

From: Whitney, Mark [<mailto:MarkWhitney@allstate.com>]
Sent: Monday, March 10, 2014 1:58 PM
To: Sonya White
Subject: RE: Available At-Large Board Representative Position

Hi Sonya,

This is Commissioner Mark Whitney from Beaver County, I would be very interested in serving on the UCIP Board as an at large member. I have been in the insurance business for thirty years so I feel like I am not only very knowledgeable but very qualified for the position.

Sincerely,

Mark S. Whitney

Sonya White

To: Jim Kaiserman
Subject: Thank you

Jim,

Thank you for submitting your request to be considered for the At-Large Board position.

I am gathering the requests that will be submitted to the Nominating Committee on April 4.

We will be in contact with you the following week. The Board of Trustees may want to meet with you at their April 18 Board meeting.

Sincerely,

Sonya White
Chief Financial Officer
Utah Counties Indemnity Pool
PO Box 95730
South Jordan, UT 84095-0730
801-307-2113 *d*
801-568-0495 *f*
801-558-8060 *c*
ucip.utah.gov

From: Jim Kaiserman [<mailto:jkaiserman@co.wasatch.ut.us>]
Sent: Thursday, March 20, 2014 10:56 AM
To: Sonya White
Subject: RE: Available At-Large Board Representative Position

James C. Kaiserman, the Wasatch County elected surveyor, would be willing to serve on the Board.
James C. (Jim) Kaiserman

Sonya White

To: Logan Wilde
Subject: Thank you

Hi Councilman,

Thank you for submitting your request to be considered for the At-Large Board position.

I am gathering the requests that will be submitted to the Nominating Committee on April 4.

We will be in contact with you the following week. The Board of Trustees may want to meet with you at their April 18 Board meeting.

Sincerely,

Sonya White
Chief Financial Officer
Utah Counties Indemnity Pool
PO Box 95730
South Jordan, UT 84095-0730
801-307-2113 d
801-568-0495 f
801-558-8060 c
ucip.utah.gov

-----Original Message-----

From: Logan Wilde [<mailto:lwilde@morgan-county.net>]
Sent: Tuesday, March 04, 2014 7:56 AM
To: Sonya White
Subject: At large board member

To the board of Utah Counties Indemnity Pool % Sonya White

I would like to thank you for considering me to represent Morgan County on your UCIPs board. I believe that it will be a great opportunity to give back to a organization that gives so much to Utah and Morgan County.

If you need me to address any other concerns please contact me.

Logan Wilde
Lwilde@morgan-county.net
801-940-2995

Sent from my iPad

No virus found in this message.
Checked by AVG - www.avg.com
Version: 2014.0.4259 / Virus Database: 3705/7151 - Release Date: 03/04/14

→DUC

Sonya White

To: Winterton, Ron
Subject: Thank You

Hi Commissioner,

Thank you for submitting your request to be considered for the At-Large Board position.

I am gathering the requests that will be submitted to the Nominating Committee on April 4.

We will be in contact with you the following week. The Board of Trustees may want to meet with you at their April 18 Board meeting.

Sincerely,

Sonya White
Chief Financial Officer
Utah Counties Indemnity Pool
PO Box 95730
South Jordan, UT 84095-0730
801-307-2113 d
801-568-0495 f
801-558-8060 c
ucip.utah.gov

-----Original Message-----

From: Ron Winterton [<mailto:rwinterton@duchesne.utah.gov>]
Sent: Tuesday, March 18, 2014 2:59 PM
To: sonya@ucip.utah.gov
Subject: At large board appointment

I would be willing to serve on the UCIP board, I fill I would have the time and the support of our commission to do so, thanks for the opportunity to apply.

Sent from my iPad

RDX

Sonya White

To: Box Elder County Commission
Subject: Thank you

Stan Summers

Hi Commissioner,

Thank you for submitting your request to be considered for the At-Large Board position.

I am gathering the requests that will be submitted to the Nominating Committee on April 4.

We will be in contact with you the following week. The Board of Trustees may want to meet with you at their April 18 Board meeting.

Sincerely,

Sonya White
Chief Financial Officer
Utah Counties Indemnity Pool
PO Box 95730
South Jordan, UT 84095-0730
801-307-2113 d
801-568-0495 f
801-558-8060 c
ucip.utah.gov

From: Box Elder County Commission [<mailto:RDilg@boxeldercounty.org>]

Sent: Friday, March 14, 2014 10:44 AM

To: 'sonya@ucip.utah.gov'

Subject: Representative At-Large for UCIP Board

Dear Nominating Committee,

My experience serving as commissioner of Box Elder County over the past year has made me aware of the importance of risk management and insurance for government entities. I have played a key role in making improvements to these programs on our level. I would enjoy the opportunity of working with UCIP and ask that you consider me to be appointed the Counties At-large Representative to the UCIP Board.

Sincerely,

Stan Summers
435-230-5648

Sonya White

Subject: Available At-Large Board Representative Position

The UCIP Nominating Committee will accept requests up until Friday, April 4.

Thank you.

From: Sonya White
Sent: Friday, February 28, 2014 7:37 AM
Subject: Available At-Large Board Representative Position

The UCIP Board of Trustees will appoint an At-Large Representative to the Board at its April 18 meeting.

Members of the Utah Counties Indemnity Pool executed the Sixth Amended Interlocal Cooperation Agreement changing the composition of the Board to include an appointed Auditor to serve as the Chair of the Audit Committee. Karla Johnson, Kane County Clerk/Auditor, was appointed by the Board to fill that position at its February 20 meeting. Karla Johnson was a current member of the Board representing Counties At-Large.

If you are interested in serving on the Board of Trustees, please reply with a brief statement explaining your willingness to serve to the attention of the Nominating Committee.

The Board meetings are generally held the third Thursday of each month at 12:00-3:00 pm. Mileage to and from the meetings are reimbursed.

Sonya White
Chief Financial Officer
Utah Counties Indemnity Pool
PO Box 95730
South Jordan, UT 84095-0730
801-307-2113 *d*
801-568-0495 *f*
801-558-8060 *c*
ucip.utah.gov

Representing**Present Board****County****Office****Second***Davis, Washington, Weber*

Bret Millburn
Jim Eardley
Kelly Gibson

Davis
Washington
Weber

Commissioner
Commissioner
Commissioner

Third*Box Elder, Iron, Uintah*

Mike Wilkins (2017)

Uintah

Clerk/Auditor

Fourth*Carbon, Duchesne, Millard, San Juan,
Sanpete, Sevier, Wasatch*

Seth Oveson (2014)

Carbon

Clerk/Auditor

Fifth-Sixth*Beaver, Daggett, Emery, Garfield, Juab,
Kane, Morgan, Piute, Rich, Wayne*

Bill Cox (2015)

Rich

Commissioner

At Large

Alma Adams (2017)
Bruce Adams (2016)
Karla Johnson (2015)

Iron
San Juan
Kane

Commissioner
Commissioner
Clerk/Auditor

Audit**Law Enforcement****Litigation Management****Personnel**

Alden Orme
Dave Blackwell
Brad Dee

Juab
Emery
Weber

Sheriff
Attorney
HR Director

Board Votes by Class

Second = 4

Third = 2

Fourth = 2

Fifth = 3

Sixth = 1

STRUCTURE of the BOARD

<u>Representing</u>	<u>Present Board</u>	<u>2014 Board</u>	<u>County</u>	<u>Office</u>	<u>Nominated</u>
Second <i>Davis, Washington, Weber</i>	Bret Millburn Jim Eardley Kelly Gibson	Bret Millburn Jim Eardley Kelly Gibson	Davis Washington Weber	Commissioner Commissioner Commissioner	
Third <i>Box Elder, Iron, Uintah</i>	Jerry Hurst (2016) Mike Wilkins (2013)	(if ICA is executed) [REDACTED]	Uintah	Clerk/Auditor	Ryan Tingey (BOX)
Fourth <i>Carbon, Duchesne, Millard, San Juan, Sanpete, Sevier, Wasatch</i>	Seth Oveson (2014)	[REDACTED]	Carbon	Clerk/Auditor	Ron Winterton (DUC)
Fifth-Sixth <i>Beaver, Daggett, Emery, Garfield, Juab, Kane, Morgan, Piute, Rich, Wayne</i>	Bill Cox (2014-2015)	[REDACTED]	Rich	Commissioner	Logan Wilde (MOR)
At Large	Alma Adams (2013) Bruce Adams (2016) Karla Johnson (2015)	[REDACTED] Bruce Adams Karla Johnson	Iron San Juan Kane	Commissioner Commissioner Clerk/Auditor	
Audit		(if ICA is executed)			
Law Enforcement	Alden Orme	Alden Orme	Juab	Sheriff	
Litigation Management	Dave Blackwell	David Blackwell	Emery	Attorney	
Personnel	Brad Dee	Brad Dee	Weber	HR Director	

Present Board Votes by Class

Second = 4
Third = 2
Fourth = 2
Fifth = 3
Sixth = 1

Appointed by Member

Appointed by Board

Up for Election

affidavit for
a. character
b. security

record closed if
any other discussion
besides these two

Sonya White

To: Gordon Topham
Subject: Thank you

Hi Commissioner,

Thank you for your email. Steve was definitely an asset on the UCIP Board and continues to be an asset to the Pool as the County's Risk Coordinator. If his time constraints have changed, feel free to encourage him to submit his willingness to serve.

Sincerely,

Sonya White
Chief Financial Officer
Utah Counties Indemnity Pool
PO Box 95730
South Jordan, UT 84095-0730
801-307-2113 *d*
801-568-0495 *f*
801-558-8060 *c*
ucip.utah.gov

From: Gordon Topham [<mailto:gtopham@sevier.utah.gov>]
Sent: Tuesday, March 18, 2014 11:48 AM
To: Sonya White
Subject: Re: Available At-Large Board Representative Position

I would like to see Steve Wall back on the board.

Gordon

Gordon Topham, County Commissioner
Sevier County
250 North Main Street
Richfield, Utah 84701
Office (435)893-0453 FAX (435)896-8888 Cell (435)201-0381

On Fri, Mar 7, 2014 at 5:35 PM, Sonya White <sonya@ucip.utah.gov> wrote:

The UCIP Nominating Committee will accept requests up until Friday, April 4.

Thank you.

From: Sonya White
Sent: Friday, February 28, 2014 7:37 AM
Subject: Available At-Large Board Representative Position

The UCIP Board of Trustees will appoint an At-Large Representative to the Board at its April 18 meeting.

Utah Counties Indemnity Pool

Payments

April 19 - May 15, 2014

Type	Date	Num	Name	Memo	Amount
ML Expense					
Liability Check	04/29/2014		QuickBooks Payroll Service	Created by Payroll Service on 04/25/2014	-10,108.28
Liability Check	05/14/2014		QuickBooks Payroll Service	Created by Payroll Service on 05/09/2014	-10,108.29
Liability Check	04/28/2014	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 270451812902...	-4,062.64
Liability Check	04/30/2014	ONLINE	Utah Retirement Systems	Confirmation Number: 04304914830	-6,583.13
Liability Check	04/30/2014	ONLINE	Utah State Tax Commission	Confirmation Number: 0-700-700-160	-1,350.78
Check	04/24/2014	VISA	Nationwide Retirement Solutions	Entity: 0036786001	-2,058.43
Check	04/30/2014	7135	Wells Fargo	Account Number: 4856 2002 0207 3675	-1,116.58
Liability Check	04/30/2014	7136	PEHP-LTD	Coverage Period: APR 2014	-176.79
Liability Check	04/30/2014	7137	Opticare of Utah	Invoice Number: 49005	-46.68
Check	04/30/2014	7138	Public Employees Health Program	Policy Number 1076 (Apr)	-4,718.34
Check	04/30/2014	7139	Brad Dee	Mileage Reimbursement	-33.60
Check	04/30/2014	7140	Alma Adams	Mileage Reimbursement	-260.96
Check	04/30/2014	7141	Seth Oveson	Mileage Reimbursement	-134.40
Check	04/30/2014	7142	Karla Johnson	Mileage Reimbursement	-336.00
Check	04/30/2014	7143	William E Cox	Mileage Reimbursement	-112.00
Bill Pmt -Check	04/30/2014	7144	Catering by Bryce	Invoice Number: 645257	-535.68
Bill Pmt -Check	04/30/2014	7145	Arthur J. Gallagher & Co.	Invoice Number: 904061	-7,390.00
Bill Pmt -Check	04/30/2014	7146	By The Numbers Actuarial Consultin...	Invoice Number: 2014-092	-2,500.00
Bill Pmt -Check	04/30/2014	7147	Christensen & Jensen	Invoice Number: 77767	-910.00
Bill Pmt -Check	04/30/2014	7148	Integra	Invoice Number: 11794827	-572.94
Bill Pmt -Check	04/30/2014	7149	Les Olson Company	Invoice Number: EA516815	-71.91
Check	05/01/2014	7150	Pitney Bowes Global Financial Servi...	Invoice Number: 1528795-AP14	-199.00
Bill Pmt -Check	05/01/2014	7151	Utah Association of Counties	Sponsorship - County Voice - May	-75.00
Check	05/05/2014	7152	Western AgCredit	Invoice Number: 5-2014	-10,186.70
Check	05/05/2014	7153	Lisa O. Brown	VOID:	0.00
Bill Pmt -Check	05/05/2014	7154	Johnnie R. Miller	Expense Reimbursement	-261.52
Bill Pmt -Check	05/05/2014	7155	Premiere Global Services	Invoice Number: 15926927	-58.49
Bill Pmt -Check	05/05/2014	7156	Tri-Tel Networks	Invoice Number: 160504	-362.50
Check	05/12/2014	7158	Whitney Advertising & Design, Inc.	Invoice Number: 20002	-814.78
Check	05/12/2014	7159	Sonya J. White	Expense Reimbursement	-436.82
Check	05/12/2014	7160	Korby M. Siggard	Expense Reimbursement	-215.84
Bill Pmt -Check	05/12/2014	7161	Johnnie R. Miller	VOID: Expense Reimbursement	0.00
Bill Pmt -Check	05/12/2014	7162	David Litchford	May 14 Speaker Fee	-600.00
Bill Pmt -Check	05/12/2014	7163	Integra	Invoice Number: 915218	-756.66
Bill Pmt -Check	05/12/2014	7164	Julio Garreaud	VOID: May 14 Speaker Fee	0.00
Bill Pmt -Check	05/12/2014	7165	McDonald Fielding PLLC	Invoice Number: 21149	-330.00
Bill Pmt -Check	05/12/2014	7166	Revco Leasing Company, LLC	Invoice Number: 357993	-435.91
Bill Pmt -Check	05/12/2014	7167	Salt Lake Community College	Ticket Number: 14D01628	-10.00
Check	05/13/2014	7168	Utah Safety Council	VOID: Invoice Number: 10598	0.00
Bill Pmt -Check	05/13/2014	7169	Johnnie R. Miller	Expense Reimbursement	-437.74
			Julio Garreaud	May 14 Speaker Fee	-812.00
Total ML Expense					-69,180.39
TOTAL					-69,180.39

April 15, 2014

To the Board of Trustees
Utah Counties Indemnity Pool

We have audited the financial statements of Utah Counties Indemnity Pool (the Pool) for the year ended December 31, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 10, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Pool are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by the Pool during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Pool's financial statements was:

Management's estimate of the reserves for losses and loss adjustment expense is based on actuarial estimates with data and assumptions provided by management. We evaluated the key factors and assumptions used to develop the liability account in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

WISAN, SMITH, RACKER & PRESCOTT, LLP

SALT LAKE - 155 North 400 West, Suite 400 - Salt Lake City, Utah - 84103 - 801.328.2011 (office) - 801.328.2015 (fax)
LAS VEGAS - 1820 East Warm Springs Road, Suite 112 - Las Vegas, Nevada - 89119 - 702.451.3099 (office) - 702.568.5030 (fax)

Licensed to Practice in Utah, Wyoming, Nevada, New Mexico and Idaho.
Member: American Institute, Utah Association and Nevada Society of Certified Public Accountants

To the Board of Trustees

April 15, 2014

Page 2 of 2

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 14, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Pool's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Pool's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Trustees and management of the Pool and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Wisan, Smith, Racker & Prescott, LLP

Wisan, Smith, Racker & Prescott, LLP

UTAH COUNTIES INDEMNITY POOL
FINANCIAL STATEMENTS
December 31, 2013 and 2012



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INDEPENDENT AUDITORS' REPORT

**To the Board of Trustees
Utah Counties Indemnity Pool
South Jordan, Utah**

Report on the Financial Statements

We have audited the accompanying financial statements of Utah Counties Indemnity Pool (the Pool or UCIP) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Pool's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

WISAN, SMITH, RACKER & PRESCOTT, LLP

SALT LAKE - 155 North 400 West, Suite 400 - Salt Lake City, Utah - 84103 - 801.328.2011 (office) - 801.328.2015 (fax)
LAS VEGAS - 1820 East Warm Springs Road, Suite 112 - Las Vegas, Nevada - 89119 - 702.451.3099 (office) - 702.568.5030 (fax)

Licensed to Practice in Utah, Wyoming, Nevada, New Mexico and Idaho.
Member: American Institute, Utah Association and Nevada Society of Certified Public Accountants

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Pool, as of December 31, 2013 and 2012, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9 and the Contributions and Loss Development Information on pages 25 and 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2014, on our consideration of the Pool's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pool's internal control over financial reporting and compliance.

Wilson, Smith, Rocker & Prescott, LLP

Salt Lake City, Utah
April 14, 2014

**UTAH COUNTIES INDEMNITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year ended December 31, 2013**

In conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, the management of the Utah Counties Indemnity Pool (the Pool or UCIP) presents this Management's Discussion and Analysis for the readers of UCIP's financial statements. Our intent is to provide a narrative overview and analysis of the financial activities of UCIP for the fiscal years ended December 31, 2013 and 2012. Readers are encouraged to consider this information in conjunction with the financial statements, notes to the financial statements and required supplementary information included in the independent auditors' report.

FINANCIAL STATEMENTS PROVIDED

Included in the independent auditors' report are the basic financial statements required under the GASB standards including:

- Statements of Net Position – Accounts for all assets and liabilities of UCIP as of December 31, 2013 and 2012, showing the balance of net position (assets minus liabilities) as of those dates.
- Statements of Revenues, Expenses, and Changes in Net Position – Accounts for all revenue and expenses accrued for the fiscal period, with calculation of the change in net position (revenue minus expenses) for the period. Expenses are classified as Operating Expenses (primarily consisting of expected losses to be paid and the cost of excess insurance covering catastrophic losses) and Administrative Expenses (primarily consisting of staff salaries and benefits and office operations). Expenses are further categorized to provide a level of detail appropriate for general management overview and control.
- Statements of Cash Flows – Accounts for all revenues and expenses received or paid during the fiscal period with a calculation of net increase in cash and cash equivalents (revenue minus expenses) and total cash and cash equivalents at the end of the period. This statement provides a contrasting view of the revenues and expenses from the Statement of Revenues, Expenses, and Changes in Net Position as it accounts for revenues and expenses that were actually received or paid during the period, regardless of when the revenue was earned or due, or when the expense was accrued or invoiced.

BASIS OF ACCOUNTING METHODS

Financial statements provided in this report are reported using the Governmental Accounting Standards Board (GASB) basis of accounting. Traditional insurance companies often utilize statutory accounting methods in development of their financial statements that differs significantly from GASB accounting methods. Attempts to perform simple comparisons or benchmark analysis of a commercial carrier's financial reports and the financial reports contained here will likely yield distorted results.

**UTAH COUNTIES INDEMNITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year ended December 31, 2013**

CONDENSED FINANCIAL INFORMATION

The following Condensed Financial Statements are meant to provide a summary view of the audited financial statements as support for comments and analysis of the financial condition of UCIP offered by management in this letter.

Assets and Liabilities

Current and other assets decreased \$1,019,632 at year end 2013 compared to the prior year end while investments increased \$743,689 for the same period. Capital assets decreased \$15,465 as a result of depreciation. Total assets decreased by \$291,408.

Total liabilities at year end 2013 increased \$1,851,464 over year ended 2012. This increase was primarily the result of a \$1,354,654 increase in amounts reserved for claims and claims expenses.

In 2013 and 2012, net position decreased by \$2,142,872 and increased \$214,356, respectively, during the fiscal years. The decrease in net position for 2013 is the result of the increase in estimated loss reserves and reserve strengthening. The Board has taken additional actions to reduce net position as outlined in the *Financial Position* section below.

The condensed statement of net assets for the years ended 2013, 2012 and 2011 are as follows:

	<u>2013</u>	<u>2012</u>	<u>Net Change</u>	<u>2011</u>
Assets:				
Current and other assets	\$ 10,188,864	\$ 11,208,496	\$ (1,019,632)	\$ 10,173,048
Capital assets	26,983	42,448	(15,465)	89,848
Investments	3,687,846	2,944,157	743,689	3,372,991
Total assets	<u>\$ 13,903,693</u>	<u>\$ 14,195,101</u>	<u>\$ (291,408)</u>	<u>\$ 13,635,887</u>
Liabilities:				
Current and other liabilities	\$ 995,849	\$ 499,039	\$ 496,810	\$ 1,244,524
Reserve for losses and loss adjustment	9,103,341	7,748,687	1,354,654	6,658,344
Total liabilities	<u>10,099,190</u>	<u>8,247,726</u>	<u>1,851,464</u>	<u>7,902,868</u>
Net position:				
Invested in capital assets	26,983	42,448	(15,465)	89,848
Unrestricted	3,777,520	5,904,927	(2,127,407)	5,643,171
Total net position	<u>3,804,503</u>	<u>5,947,375</u>	<u>(2,142,872)</u>	<u>5,733,019</u>
Total liabilities and net position	<u>\$ 13,903,693</u>	<u>\$ 14,195,101</u>	<u>\$ (291,408)</u>	<u>\$ 13,635,887</u>

**UTAH COUNTIES INDEMNITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year ended December 31, 2013**

Operating Revenue and Expense

Revenue from contributions and management fees decreased \$1,196,578 for a total of \$5,085,489 in 2013. This decrease is attributed to loss of members in 2013 and 2012. While the decrease in member contribution revenue presents a short term decrease in operating revenue, a corresponding decrease in liabilities will affect future statements over time. Operating expenses increased \$706,464 from the prior year due to an increase in loss reserves and an increase in reinsurance premiums for increased limits and coverages as outlined in the *Financial Position* section below.

The condensed statement of operating revenue and expense for the years ended 2013, 2012 and 2011 are as follows:

	2013	2012	Net Change	2011
Operating revenue:				
Contributions and other considerations	\$ 5,085,489	\$ 6,282,067	\$ (1,196,578)	\$ 5,922,572
Investment income	(27,410)	412,506	(439,916)	496,448
Other income	18,261	20,943	(2,682)	23,319
Total operating revenues	<u>5,076,340</u>	<u>6,715,516</u>	<u>(1,639,176)</u>	<u>6,442,339</u>
Operating expenses:				
Loss and loss adjustment expenses	4,531,942	3,879,089	652,853	3,053,104
Reinsurance premiums	1,537,993	1,574,107	(36,114)	1,377,842
General and administrative	1,141,539	1,051,814	89,725	1,023,945
Total operating expenses	<u>7,211,474</u>	<u>6,505,010</u>	<u>706,464</u>	<u>5,454,891</u>
Net operating income	(2,135,134)	210,506	(2,345,640)	987,448
Unrealized gain on investments	(7,738)	4,041	(11,779)	644
Loss on disposal of fixed assets	-	(191)	191	-
Change in net position	<u>\$ (2,142,872)</u>	<u>\$ 214,356</u>	<u>\$ (2,357,228)</u>	<u>\$ 988,092</u>

Investments

As a governmental subdivision regulated by the Money Management Council, UCIP invests the majority of funds in the Public Treasurer's Investment Fund (PTIF). Utilizing this "safe harbor" for compliance with the Money Management Act also provides UCIP significant liquidity and protection of capital in its invested assets. In 2011, UCIP moved \$2,000,000 of invested funds to Zions Wealth Advisors in anticipation of increasing investment rates. While investments with Zions Wealth Advisors outperformed the PTIF by a small amount in 2013 and 2012, it is expected these investments will outpace the PTIF more significantly as the market strengthens.

Equity investments consist of equity ownership in County Reinsurance Limited (CRL), a property and liability reinsurance pool of county based pools across the United States. UCIP is a member of CRL.

**UTAH COUNTIES INDEMNITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year ended December 31, 2013**

The condensed statement of cash and cash equivalents and investments for the years ended 2013, 2012 and 2011 are as follows:

	<u>2013</u>	<u>2012</u>	<u>Net Change</u>	<u>2011</u>
Cash and cash equivalents:				
Cash on deposit	\$ 1,696,207	\$ 3,323,091	\$ (1,626,884)	\$ 302,048
Public Treasurer's Investment Fund	7,733,255	6,338,084	1,395,171	7,819,311
Zions Wealth Advisors	98,838	932,845	(834,007)	140,905
Total cash and cash equivalents	<u>9,528,300</u>	<u>10,594,020</u>	<u>(1,065,720)</u>	<u>8,262,264</u>
Investments:				
Investments - U.S. government securities	1,953,117	1,105,752	847,365	1,863,104
Equity investment in County Reinsurance Limited	1,207,951	1,311,627	(103,676)	1,015,441
Land held for sale	526,778	526,778	-	494,446
Total investments	<u>3,687,846</u>	<u>2,944,157</u>	<u>743,689</u>	<u>3,372,991</u>
Total cash and cash equivalents and investments	<u>\$ 13,216,146</u>	<u>\$ 13,538,177</u>	<u>\$ (322,031)</u>	<u>\$ 11,635,255</u>

Financial Position

UCIP's net position at year end 2012 was \$5,947,375. This amount exceeded the target net position identified in the Net Asset Management Plan. The Net Asset Management Plan was adopted by the Board in 2012 to actively manage UCIP's net position between 90-100% of annual revenue. The plan provides that when net position exceeds 100% of annual revenue, the Board should issue dividends as experience dividends and/or equity dividends based on the UCIP Dividend Policy.

In 2013 the Board undertook a multi-faceted approach regarding the excess equity. At no cost to members, additional reinsurance was purchased to increase liability limits, to add cyber liability coverage and to improve overall coverages. Dividends in the amount of \$91,328 were returned to members. The Board utilized equity to offset the increased costs of member property appraisals. These actions by the Board, coupled with the increase in "expected" loss and loss adjustment expenses, results in a net position of \$3,804,503 at December 31, 2013. Based on the 2014 member contributions of \$4,590,930, the surplus to premium ratio at year end 2013 was within industry standards.

The condensed statement of changes in net position for the years ended 2013, 2012 and 2011 are as follows:

	<u>2013</u>	<u>2012</u>	<u>Net Change</u>	<u>2011</u>
Revenues and expenses:				
Revenues	\$ 5,068,602	\$ 6,719,366	\$ (1,650,764)	\$ 6,442,983
Expenses	7,211,474	6,505,010	706,464	5,454,891
Net income	<u>(2,142,872)</u>	<u>214,356</u>	<u>(2,357,228)</u>	<u>988,092</u>
Net position, beginning of year	5,947,375	5,733,019	214,356	4,744,927
Net position, end of year	<u>\$ 3,804,503</u>	<u>\$ 5,947,375</u>	<u>\$ (2,142,872)</u>	<u>\$ 5,733,019</u>

**UTAH COUNTIES INDEMNITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year ended December 31, 2013**

BUDGET

Revenue

Actual 2013 revenues were \$140,052 less than budgeted due to investment income underperforming the budgeted estimate.

Losses and Reinsurance Expenses

Actual 2013 expenses were \$1,553,414 more than budgeted due primarily to an increase in losses and loss adjustment expenses.

Administrative Expenses

Management closely monitored budgeted administrative expenses of \$1,221,254 and was able to operate with actual expenses of \$1,050,212, nine percent less than budgeted. The savings on actual to budgeted expenses was achieved primarily in the areas of staff expenses, professional services and office operations.

MARKET TRENDS IN 2014

Management anticipates continued competitive pressure due to protracted soft market conditions.

Property

Changes in catastrophic loss models which significantly increased the modeled earthquake loss exposure for the entire state of Utah in 2011 were updated early in 2013 with some reduction in the modeled earthquake exposure for portions of Utah, which may provide some relief on property reinsurance premiums from that budgeted for 2014.

Liability

While the overall market conditions are believed to remain competitive, signs of carriers increasing liability premiums continue into 2014. Most notably is the industry's move to exclude cyber liability risk from standard general liability and errors and omissions forms without a corresponding rate reduction, while selling this coverage as a new separate policy form for significant additional premium. Eventually, the liability market will increase premiums to improve their combined ratios to attract investors. This eventual "hardening" of the market will relieve some competitive pressure, but will also create increased reinsurance costs.

Questions concerning any of the information in this report, or any other matters related to UCIP's budget and finances should be addressed to the Chief Financial Officer, Utah Counties Indemnity Pool, PO Box 95730, South Jordan, Utah 84095.

UTAH COUNTIES INDEMNITY POOL
STATEMENTS OF NET POSITION
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,528,300	\$ 10,594,020
Accounts receivable	6,796	1,505
Reinsurance recoverable	373,248	332,617
Prepaid expenses	269,184	269,018
TOTAL CURRENT ASSETS	<u>10,177,528</u>	<u>11,197,160</u>
INVESTMENTS	3,161,068	2,417,379
CAPITAL ASSETS	26,983	42,448
OTHER ASSETS		
Land held for investment	526,778	526,778
Security deposits	<u>11,336</u>	<u>11,336</u>
TOTAL ASSETS	<u><u>\$ 13,903,693</u></u>	<u><u>\$ 14,195,101</u></u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Reserves for losses and loss adjustment expenses	\$ 9,103,341	\$ 7,748,687
Accounts payable	7,369	5,455
Accrued expenses	56,860	52,702
Contributions paid in advance	931,620	440,882
TOTAL CURRENT LIABILITIES	<u>10,099,190</u>	<u>8,247,726</u>
TOTAL LIABILITIES	<u>10,099,190</u>	<u>8,247,726</u>
NET POSITION		
Net investment in capital assets	26,983	42,448
Unrestricted	<u>3,777,520</u>	<u>5,904,927</u>
TOTAL NET POSITION	<u>3,804,503</u>	<u>5,947,375</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 13,903,693</u></u>	<u><u>\$ 14,195,101</u></u>

The accompanying notes are an integral part of the financial statements.

UTAH COUNTIES INDEMNITY POOL
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
OPERATING INCOME		
Contributions	\$ 5,085,489	\$ 6,282,067
Investment income (loss)	(27,410)	412,506
Other income	18,261	20,943
TOTAL OPERATING INCOME	<u>5,076,340</u>	<u>6,715,516</u>
UNDERWRITING EXPENSES		
Losses and loss adjustment expenses	4,531,942	3,879,089
Reinsurance coverage	1,537,993	1,574,107
TOTAL UNDERWRITING EXPENSES	<u>6,069,935</u>	<u>5,453,196</u>
ADMINISTRATION EXPENSES		
Board of trustees	47,400	39,731
Depreciation	15,464	15,441
Dividend expense	91,328	-
Loss control	45,090	49,974
Marketing	15,401	15,931
Office operations	172,854	185,933
Professional services	119,919	144,812
Staff expenses	634,083	599,992
TOTAL ADMINISTRATION EXPENSES	<u>1,141,539</u>	<u>1,051,814</u>
TOTAL OPERATING EXPENSES	<u>7,211,474</u>	<u>6,505,010</u>
NET OPERATING INCOME (LOSS)	<u>(2,135,134)</u>	<u>210,506</u>
OTHER INCOME (EXPENSES)		
Loss on sale of capital assets	-	(191)
Unrealized gain (loss) on investments	(7,738)	4,041
TOTAL OTHER INCOME (EXPENSES)	<u>(7,738)</u>	<u>3,850</u>
CHANGE IN NET POSITION	<u>(2,142,872)</u>	<u>214,356</u>
NET POSITION AT BEGINNING OF YEAR	<u>5,947,375</u>	<u>5,733,019</u>
NET POSITION AT END OF YEAR	<u><u>\$ 3,804,503</u></u>	<u><u>\$ 5,947,375</u></u>

The accompanying notes are an integral part of the financial statements.

UTAH COUNTIES INDEMNITY POOL
STATEMENTS OF CASH FLOWS
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES		
Contributions collected	\$ 5,570,936	\$ 7,036,931
Other fees collected	18,261	20,943
Reinsurance paid	(1,538,159)	(1,608,355)
Losses and loss expenses paid	(3,217,919)	(2,970,063)
Cash paid to employees	(629,924)	(586,981)
Other administrative expenses paid	(490,078)	(437,868)
NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES	<u>(286,883)</u>	<u>1,454,607</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (purchase) of investments	(847,365)	757,352
Investment income	68,528	120,361
NET CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES	<u>(778,837)</u>	<u>877,713</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	-	(564)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(564)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,065,720)	2,331,756
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>10,594,020</u>	<u>8,262,264</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 9,528,300</u></u>	<u><u>\$ 10,594,020</u></u>
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES		
Change in net position	\$ (2,142,872)	\$ 214,356
Adjustments to reconcile change in net position to net cash flows from (used by) operating activities		
Depreciation	15,464	15,441
Interest on investments	(76,266)	(116,320)
(Increase) decrease in equity in CRL	103,676	(296,186)
Unrealized gain (loss) on investments	7,738	(4,041)
Loss on sale of capital assets	-	191
Accounts receivable	(5,291)	1,511,873
Prepaid expenses	(165)	(34,248)
Reinsurance recoverable	(40,631)	(181,317)
Reserves for loss and loss adjustment expenses	1,354,654	1,090,343
Accounts payable	1,914	(1,487)
Accrued expenses	4,158	13,011
Contributions paid in advance	490,738	(757,009)
Total adjustments	<u>1,855,989</u>	<u>1,240,251</u>
NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES	<u><u>\$ (286,883)</u></u>	<u><u>\$ 1,454,607</u></u>

The accompanying notes are an integral part of the financial statements.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Utah Counties Indemnity Pool (the Pool or UCIP) was incorporated in December 1991 as the Utah Association of Counties Insurance Mutual (the Mutual). In July 2003, the Mutual was renamed the Utah Counties Insurance Pool. In January 2012, the Pool was renamed the Utah Counties Indemnity Pool. The Pool is a non-profit Interlocal entity formed under Section 11-13-101 et. seq. *Utah Code Annotated, 1953* as amended, operated as a joint liability reserve fund under Section 63G-7-703 and 801 for counties who enter into the Interlocal Agreement that creates UCIP. The Pool is referred to as a "public agency insurance mutual" under the insurance statutes of the State of Utah, Section 31A-1-103(7). All of the Pool's business activities are conducted in the State of Utah.

Accounting Principles

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The Pool has adopted Governmental Accounting Standards Board (GASB) Statement No 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, GASB Statement No. 37, Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments: Omnibus, and GASB Statement No. 38, Certain Financial Statement Note Disclosures. The Pool has also adopted GASB Statement No. 40, Deposit and Investment Risk Disclosures and GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. With the implementation of these statements, the Pool has prepared required supplementary information titled "Management's Discussion and Analysis" which precedes the basic financial statements, has prepared a balance sheet classified between current and noncurrent assets and liabilities, has categorized net position as net investment in capital assets and unrestricted, has prepared the statements of cash flows on the direct method, and provided additional schedules to better communicate the financial status of the governmental entity.

The accounting policies of the Pool conform to accounting principles generally accepted in the United States of America in all material respects. The following is a summary of the more significant policies.

Basis of Accounting

The Pool reports as a single enterprise fund and uses the accrual method of accounting and the economic resources measurement focus. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Pool is exempt from the payment of income taxes under Section 115 of the Internal Revenue Code.

Compensated Absences

Accumulated unpaid vacation and sick pay amounts are accrued when benefits vest to employees and the unpaid liability is reflected as accrued expenses.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Pool considers all highly liquid debt instruments with maturities of three months or less when purchased to be cash equivalents. Therefore, the investments in the Utah Public Treasurers' Fund (PTIF) and cash on deposit are considered to be cash equivalents.

Investments

Investments are comprised of various U.S. Government securities, certificates of deposit and investments in County Reinsurance Limited (CRL).

Investments in U.S. Government securities as of December 31, 2013 consist of held-to-maturity securities. Held-to-maturity securities are reported at cost, adjusted for amortization of premiums and accretion of discounts that are recognized in interest income using the effective interest method over the period to maturity.

The investments in CRL are valued using the equity method of accounting. Under the equity method, the Pool recognizes its proportionate share of the net earnings or losses of CRL, which represents its share of the undistributed earnings or losses of CRL.

Land Held for Investment

The Pool purchased land in October of 2007 with the intent of building office space to house Pool employees and conduct Board meetings and training. In September 2008, the Board determined to hold the land as an investment for future sale.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Contributions Paid in Advance

Contributions paid by members prior to January 1 of the next calendar year are considered to be deferred until January 1 and are reported as contributions paid in advance in the statement of net assets.

Contributions

Contributions are collected annually on January 1.

Capital Assets

Capital assets are defined by the Pool as assets with an initial individual cost of more than \$500. Capital assets are stated at cost less accumulated depreciation. Depreciation on furniture, equipment and electronic data processing equipment is provided over the estimated useful lives of the assets on the straight-line method. Useful lives vary from three to five years. Depreciation expense for the years ended December 31, 2013 and 2012 amounted to \$15,464 and \$15,441, respectively.

Net Asset Management

To assure that the Pool's assets are adequate without holding excessive net assets, the Pool manages net asset levels between 90% and 100% of annual revenue. Net assets should be controlled within a minimum of 50% and a maximum of 120% of annual revenue. The Pool utilizes a Rate Stabilization Fund and a Dividend Plan to manage net assets.

The Rate Stabilization Fund is utilized to designate surplus to fund unexpected increases in expenses which necessitate increases in rates short term to allow rate increases to be made incrementally, or to negate temporary rate increases. The Rate Stabilization Fund is a Board-designated portion of unrestricted net assets, and as required by GASB, is reported as a designation only in the notes to the financial statements. The balances in the Rate Stabilization Fund at December 31, 2013 and 2012 were \$200,000 and \$0, respectively.

The Dividend Plan is utilized by the Board to return excess net assets to members.

The Net Asset Management Plan indicates net assets should not exceed 100% of contributions unless the Pool has specific needs for such surplus, which may include the following: expectation of new membership; development of a new line of coverage; development of new or expanded coverage; or development of new or expanded services.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses include an amount actuarially determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. The liabilities are based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors. Such liabilities are necessarily based on assumptions and estimates and while management believes that amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are reviewed quarterly and any adjustments are reflected in the period determined.

The Pool's actuary provides a range of estimates of the reserves for losses and loss adjustment expenses at three levels of confidence: low (50% confidence), expected (66% confidence) and high (80% confidence). Accounting standards require the Pool to book the "expected" level of reserves on its financial statements, and does not allow for the Board to designate or delineate any other amount in the range on the financial statements. In consideration of their duty to protect public funds and the inability of the Pool to assess members if reserves are not adequate, the Board prefers to reserve for claims with greater confidence than the 66% "expected" level. To accomplish this, while complying with audit standards, the Board has adopted, as part of their Net Asset Management Plan, a Claims Deterioration Fund, an amount voluntarily designated by the Board as Net Assets to be deducted from Total Net Assets (referred to as Unrestricted Net Position on the financial statements) when determining Net Assets available for payment of dividends to members. For 2013, the Board approved designating \$430,000 into the Claim Deterioration Fund to assure these additional funds are available if the "expected" claim reserves are ultimately found to be inadequate to pay all liabilities of the Pool. The Board believes managing Net Assets in this manner protects members from large rate increases in the event claims experience does deteriorate.

Subsequent Events

Management of the Pool has evaluated subsequent events through April 14, 2014, which is also the date the financial statements were available to be issued. No subsequent events were noted during this evaluation that required recognition or disclosure in these financial statements.

**UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012**

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Listed below is a summary of the cash and investment portfolios as of December 31, 2013 and 2012. Investing is governed by the prudent man rule in accordance with statutes of the State of Utah. All investments of the Pool are considered to have been made in accordance with these governing statutes including the State Money Management Act.

Cash and cash equivalents of the Pool are carried at cost. The carrying amount of the cash on deposit, net of outstanding checks, is \$1,696,207 and \$3,323,091 as of December 31, 2013 and 2012, respectively. The corresponding bank balance of the deposits was \$1,729,532 and \$3,329,650 as of December 31, 2013 and 2012, respectively.

All of the Pool's cash on deposit bank accounts are noninterest-bearing. The FDIC had no limits on noninterest-bearing accounts in financial institutions insured by the FDIC for the period of January 1, 2010 to December 31, 2012. As of January 1, 2013, all noninterest-bearing and other depositors' accounts will be aggregated and insured up to the standard maximum deposit insurance amount of \$250,000 for each deposit insurance ownership category.

The Public Treasurer's Investment Fund (PTIF) is a pooled investment fund enabling public agencies to benefit from the higher yields offered on large denomination securities. The PTIF is similar in nature to a money market fund but the PTIF is subject to oversight by the State Money Management Council and all investments in PTIF are considered to be in compliance with the State Money Management Act. The PTIF invests in corporate debt, U.S. Agency notes, certificates of deposit and commercial paper. The maximum final maturity of any security invested in by the PTIF is limited to five years.

The maximum weighted average life of the portfolio is limited to 90 days. There is no maturity date on an entity's investment in the PTIF. PTIF deposits are not insured or otherwise guaranteed by the State of Utah.

Zions Wealth Advisors, DBA Contango Capital Advisors, is an investment advisory firm certified by the State Money Management Council and all investments with Zions Wealth Advisors are in compliance with the State Money Management Act. The maximum final maturity of any security invested in by Zions Wealth Advisors is limited to three years. Zions Wealth Advisors investments are not insured or otherwise guaranteed.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Pool's bank balances exceeded FDIC coverage by \$1,479,532 as of December 31, 2013 and fully insured by FDIC as of December 31, 2012.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)
Custodial Credit Risk (continued)

As of December 31, 2013 and 2012, the Pool's cash and cash equivalents and investments included the following:

	<u>2013</u>	<u>2012</u>
Cash on deposit	\$ 1,696,207	\$ 3,323,091
Public Treasurer's Investment Fund	7,733,255	6,338,084
Zions Wealth Advisors	98,838	932,845
Total cash and cash equivalents	<u>9,528,300</u>	<u>10,594,020</u>
Investments - U.S. government securities	1,953,117	1,105,752
Equity investment in County Reinsurance Limited	1,207,951	1,311,627
Land held for sale	526,778	526,778
Total investments	<u>3,687,846</u>	<u>2,944,157</u>
Total cash and cash equivalents and investments	<u><u>\$ 13,216,146</u></u>	<u><u>\$ 13,538,177</u></u>

Investments

The Pool records its investments in U.S. Government Securities at market value. The Pool records investments with County Reinsurance Limited (CRL) using the equity method of accounting. Investments in CRL are confirmed annually.

All other investments are through the Public Treasurer's Investment Fund (PTIF). The differences between book value and fair value as of December 31, 2013 and 2012 are as follows:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>	<u>Statement Value</u>
2013					
Securities	\$ 1,960,855	\$ -	\$ (7,738)	\$ 1,953,117	\$ 1,953,117
Equity	1,311,627	-	(103,676)	1,207,951	1,207,951
Land	526,778	-	-	526,778	526,778
Total investments	<u>\$ 3,799,260</u>	<u>\$ -</u>	<u>\$ (111,414)</u>	<u>\$ 3,687,846</u>	<u>\$ 3,687,846</u>
		<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>	<u>Statement Value</u>
2012					
Securities	\$ 1,101,711	\$ 4,041	\$ -	\$ 1,105,752	\$ 1,105,752
Equity	1,015,441	296,186	-	1,311,627	1,311,627
Land	526,778	-	-	526,778	526,778
Total investments	<u>\$ 2,643,930</u>	<u>\$ 300,227</u>	<u>-</u>	<u>\$ 2,944,157</u>	<u>\$ 2,944,157</u>

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)
Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Pool's policy for managing interest rate risk is to comply with the State Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. The Pool manages its exposure to declines in fair value by investing in the Public Treasurer's Investment Fund (PTIF) and other securities and by adhering to the Act. Following are the Pool's investments at December 31, 2013:

<u>Investment Type</u>	<u>Carrying Amount and Fair Value</u>	<u>Investment Maturities (in years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
Debt securities:			
Corporate bonds	\$ 501,078	\$ 351,254	\$ 149,824
Mortgage-backed securities	1,452,039	-	1,452,039
Total debt securities	1,953,117	351,254	1,601,863
Other investments:			
CRL equity	1,207,951		
Land	526,778		
Total other investments	1,734,729		
Total investments	<u>\$ 3,687,846</u>		

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The Pool's policy for limiting the credit risk of investments is to comply with the State Money Management Act.

Investments are categorized into these three categories of credit risk:

- Category One - Insured or registered, or securities held by the Pool or its agent in the Pool's name.
- Category Two - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Pool's name.
- Category Three - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, not in the Pool's name.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Credit Risk (continued)

As of December 31, 2013 and 2012, investments in U.S. government securities in the amount of \$1,953,117 and \$1,105,752, respectively, are considered to be Category three securities. As of December 31, 2013 and 2012, Public Treasurer's Investment Fund (PTIF) investments, equity investments in County Reinsurance Limited (CRL) and land held for sale in the total amount of \$9,467,984 and \$8,176,489, respectively, are uncategorized investments.

NOTE 3 - INVESTMENT INCOME

Investment income is comprised of the following as of December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Interest:		
Bonds	\$ 21,095	\$ 30,547
Equity	(103,676)	296,186
Cash	55,171	85,773
Total interest income	<u>\$ (27,410)</u>	<u>\$ 412,506</u>
Cash received:		
Cash	\$ 55,171	\$ 85,773
Total cash received	55,171	85,773
Noncash adjustments:		
Equity	(103,676)	296,186
Bonds	(7,738)	4,433
Change in accrued interest	35,693	20,757
Amortization	(6,860)	5,357
Total noncash adjustments	<u>(82,581)</u>	<u>326,733</u>
Total investment income	<u>\$ (27,410)</u>	<u>\$ 412,506</u>

NOTE 4 - INTEREST RATES

The interest rates for assets held with the Utah Public Treasurer's Investment Fund (PTIF) were 0.6813 percent and 0.7092 percent as of December 31, 2013 and 2012, respectively.

**UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012**

NOTE 5 - CAPITAL ASSETS

The capital assets and related accumulated depreciation of the Pool are as follows:

<u>2013</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Office furniture and equipment	\$ 167,190	\$ -	\$ -	\$ 167,190
Total capital assets, being depreciated	167,190	-	-	167,190
Less accumulated depreciation for:				
Office furniture and equipment	(124,742)	(15,464)	-	(140,207)
Total accumulated depreciation	(124,742)	(15,464)	-	(140,207)
Total capital assets being depreciated, net	42,448	(15,464)	-	26,983
Total capital assets, net	<u>\$ 42,448</u>	<u>\$ (15,464)</u>	<u>\$ -</u>	<u>\$ 26,983</u>
<u>2012</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Office furniture and equipment	\$ 293,452	\$ 564	\$ (126,826)	\$ 167,190
Total capital assets, being depreciated	293,452	564	(126,826)	167,190
Less accumulated depreciation for:				
Office furniture and equipment	(203,604)	(15,441)	94,303	(124,742)
Total accumulated depreciation	(203,604)	(15,441)	94,303	(124,742)
Total capital assets being depreciated, net	89,848	(14,877)	(32,523)	42,448
Total capital assets, net	<u>\$ 89,848</u>	<u>\$ (14,877)</u>	<u>\$ (32,523)</u>	<u>\$ 42,448</u>

NOTE 6 - REINSURANCE

Effective 2003, the Pool has purchased only specific excess coverage. The agreement provides for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$250,000 self-insured retention.

Estimated claims loss liabilities of the Pool are stated net of estimated losses applicable to reinsurance coverage ceded to other insurance companies of \$1,021,156 and \$1,984,257 as of December 31, 2013 and 2012, respectively. However, the Pool is contingently liable for those amounts in the event such companies are unable to pay their portion of the claims.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 6 - REINSURANCE (CONTINUED)

Reinsurance Recoverables on Aggregate Losses

The Pool has reinsurance recoverables on aggregate policies (1992-2002) in the amount of \$373,248 and \$332,617 from its reinsurers for accrued losses as of December 31, 2013 and 2012, respectively.

Unsecured Reinsurance Recoverables

There are no letters of credit, trust agreements or funds withheld on reinsurance recoverables. The amounts of \$907,021 and \$1,805,836 as of December 31, 2013 and 2012, respectively, exceed three percent of the Pool's surplus and are considered unsecured recoverables on known claims.

Reinsurance Recoverable in Dispute

As of December 31, 2013, the Pool does not have any disputed balances or uncollectible funds.

NOTE 7 - RETIREMENT PLANS

Cost-Sharing Defined Benefits Pension Plan

Plan Description. The Pool contributes to the Local Governmental Public Employees' Noncontributory Retirement System (Noncontributory System), which is a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (URS). The URS provide refunds, retirement benefits, annual cost of living adjustment, and death benefits to plan members and beneficiaries in accordance with Title 49 of Utah Code Annotated 1953 as amended.

The Noncontributory System is established and governed by Chapter 13, Title 49 of Utah Code Annotated 1953 as amended. Utah Code Ann. §49-11-202, as amended, provides for the administration of the URS and any System under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The URS issues a publicly available financial report that includes financial statements and required supplementary information for the Noncontributory System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 E. 200 S., Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy. The Pool is required to contribute 17.29 percent of covered salary to the Noncontributory System for Tier 1 employees. The Pool is required to contribute 13.99 percent of covered salary to the Noncontributory System for Tier 2 employees. The contribution rates are determined by URS using actuarial analysis.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 7 - RETIREMENT PLANS (CONTINUED)

The contribution requirements of the Noncontributory System are authorized pursuant to Utah Code Ann. §49-13-301, as amended, and specified by the Utah State Retirement Board. The Pool's contribution to the Noncontributory System for the years ending December 31, 2013, 2012 and 2011 was \$68,276, \$63,346 and \$60,328, respectively. The contributions were equal to the required contributions for each year. The Pool has no further liability once contributions are made.

Defined Contribution Pension Plans

The Pool is required to contribute 1.59 percent of covered salary to the Noncontributory System Tier 2 Fund 401(k) plan (administered by the Utah State Retirement Systems). The total Tier 2 Fund retirement expense for the Pool as of December 31, 2013 was \$1,410. The Pool contributes an amount equal to the amount contributed by the employee into a 401(k) plan (administered by the Utah State Retirement Systems) and/or a 457 plan (administered by Nationwide Retirement Solutions), not to exceed five percent of the employee's eligible payroll. The total retirement expense for the Pool as of December 31, 2013 and 2012 was \$7,496 and \$11,549, respectively.

NOTE 8 - UNPAID CLAIMS, LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves for incurred losses and loss adjustment expenses attributable to covered events of prior years has increased by approximately \$1,354,654 and \$1,090,343 in 2013 and 2012, respectively, as a result of reestimation of unpaid losses and loss adjustment expenses. This change is the result of ongoing analysis of recent loss development trends. Original estimates change as additional information becomes known regarding individual claims.

The unpaid claims, losses and loss adjustment expenses of the Pool as of December 31, 2013 and 2012 are:

	<u>2013</u>	<u>2012</u>
Beginning balance	\$ 7,748,687	\$ 6,658,344
Incurred loss:		
Current year	3,151,548	3,618,948
Prior year	(1,057,825)	172,979
Change in total incurred	<u>2,093,723</u>	<u>3,791,927</u>
Paid:		
Current year	586,016	843,801
Prior year	153,053	1,857,783
Total paid	<u>739,069</u>	<u>2,701,584</u>
Balance at December 31	<u><u>\$ 9,103,341</u></u>	<u><u>\$7,748,687</u></u>

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 9 - OPERATING LEASE COMMITMENT

On September 4, 2008, the Pool entered into a seven year commitment to lease office space. The lease commenced in February 2009 at which time the Pool occupied the premises. The Pool paid \$127,956 and \$133,009 in rent as of December 31, 2013 and 2012, respectively.

Future minimum rental commitments for the building operating lease are as follows:

2014	\$ 118,977
2015	125,602
2016	<u>10,492</u>
Total minimum lease payments	<u>\$ 255,071</u>

NOTE 10 - CONTINGENCIES

The Pool is subject to litigation from the settlement of claims contested in the normal course of business. The losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated unpaid loss and loss adjustment expense liabilities.

REQUIRED SUPPLEMENTARY INFORMATION

UTAH COUNTIES INDEMNITY POOL

Contribution and Loss Development Information (Unaudited)

The following table compares the Pool's earned revenues, net of reinsurance and investment income, to related costs of losses and loss adjustment expenses, net of reinsurance, assumed by the Pool. The table is defined as follows: (1) shows each year's net earned contributions, other operating revenues and interest income, (2) shows each year's other operating expenses including overhead and loss adjustment expenses not allocable to specific claims, (3) shows incurred losses and allocated loss adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred, (4) shows the cumulative amounts paid as of the end of successive years for each accident year, (5) shows how each coverage year's incurred losses increased or decreased as of the end of the successive years: this annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims, (6) compares the latest reestimated incurred loss amounts to the amounts originally established. Pool information is only available in the format shown below for the years presented.

(in thousands)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
(1) Earned contributions, other operating revenues and investment revenues, net of reinsurance	3,912	5,073	9,542	12,433	16,116	6,952	4,662	5,064	5,141	3,538
(2) Unallocated expense	242	-	-	-	-	-	-	-	-	-
(3) Estimated incurred claims, both paid and accrued, end of accident year	2,663	2,526	2,445	2,620	3,143	3,164	3,612	3,193	4,246	3,152
(4) Paid (cumulative) as of:										
End of accident year	1,104	1,383	1,059	1,332	1,302	1,126	584	995	347	586
One year later	1,786	2,361	2,289	2,296	2,076	1,246	932	1,542	1,538	-
Two years later	2,171	2,832	2,672	3,103	1,640	1,781	1,601	1,719	-	-
Three years later	2,463	3,276	3,324	2,202	2,249	2,142	2,500	-	-	-
Four years later	2,642	3,427	2,392	2,273	2,666	2,465	-	-	-	-
Five years later	2,911	2,368	2,298	2,366	2,908	-	-	-	-	-
Six years later	2,460	2,526	2,396	2,478	-	-	-	-	-	-
Seven years later	2,658	2,526	2,409	-	-	-	-	-	-	-
Eight years later	2,656	2,526	-	-	-	-	-	-	-	-
Nine years later	2,663	-	-	-	-	-	-	-	-	-
(5) Reestimated incurred losses and expenses:										
End of accident year	2,663	2,526	2,445	2,620	3,143	3,164	3,612	3,193	4,246	3,152
One year later	2,656	2,526	2,497	2,544	3,142	2,789	3,113	3,472	3,619	-
Two years later	2,710	2,526	2,484	2,524	2,771	2,902	3,188	3,129	-	-
Three years later	2,657	2,737	2,696	2,751	2,704	2,748	2,876	-	-	-
Four years later	2,566	2,756	2,553	2,978	2,631	2,887	-	-	-	-
Five years later	2,583	2,792	2,181	3,216	2,772	-	-	-	-	-
Six years later	2,262	2,878	1,983	2,810	-	-	-	-	-	-
Seven years later	2,469	2,875	2,345	-	-	-	-	-	-	-
Eight years later	2,667	2,824	-	-	-	-	-	-	-	-
Nine years later	2,645	-	-	-	-	-	-	-	-	-
(6) Increase (decrease) in estimated incurred losses and expenses from end of accident year	(18)	298	(100)	190	(371)	(277)	(736)	(64)	(627)	-

SUPPLEMENTARY AUDITORS' REPORTS



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**To the Board of Trustees
Utah Counties Indemnity Pool**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Utah Counties Indemnity Pool (the Pool or UCIP), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements, and have issued our report thereon dated April 14, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Pool's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pool's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Pool's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

WISAN, SMITH, RACKER & PRESCOTT, LLP

SALT LAKE ~ 155 North 400 West, Suite 400 • Salt Lake City, Utah • 84103 • 801.328.2011 (office) • 801.328.2015 (fax)
LAS VEGAS ~ 1820 East Warm Springs Road, Suite 112 • Las Vegas, Nevada • 89119 • 702.451.3099 (office) • 702.568.5030 (fax)

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pool's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pool's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pool's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wison, Smith, Roegner & Prescott, LLP

Salt Lake City, Utah
April 14, 2014



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROLS OVER COMPLIANCE IN ACCORDANCE WITH THE *STATE OF UTAH*
*LEGAL COMPLIANCE AUDIT GUIDE***

**To the Board of Trustees
Utah Counties Indemnity Pool**

REPORT ON COMPLIANCE

We have audited the Utah Counties Indemnity Pool's (the Pool or UCIP) compliance with the general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended December 31, 2013. The general compliance requirements applicable to the Pool are identified as follows:

- Cash Management
- Budgetary Compliance
- Utah Retirement Systems Compliance
- Conflicts of Interest
- Utah Public Finance Website

The Pool did not receive any major assistance programs from the State of Utah during the year ended December 31, 2013.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the Pool's management.

Auditors' Responsibility

Our responsibility is to express an opinion on the Pool's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards and the *State of Utah Legal Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Pool and its major programs occurred. An audit includes examining, on a test basis, evidence about the Pool's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Pool's compliance with those requirements.

WISAN, SMITH, RACKER & PRESCOTT, LLP

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Opinion

In our opinion, Utah Counties Indemnity Pool, complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2013.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Pool is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Pool's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Pool's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pool's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pool's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Smith, Roegner & Prescott, LLP

Salt Lake City, Utah
April 14, 2014

